App. F. IX-4

193 .

File No. 127-29.

Previous References
C. 1 127-29 (1-2)
" 127-29 (3-4)
" 10-30 (1-3, 5-7)

Later References 10-30 (4, 6, 7a)
" 22-32 (1-3).

Serial Nos. 5-20, 23

C. 5

P. = 62 = EK

General and Revenue Secretariat.

Serial Nos. Jerseulein

Part B for May 31.

SUBJECT.

Amendment to Rule 11 of the rules under Cooperative Regulation

D 9473 dt. 28-4-31.

to Compiler in G.

Notifies ni

20/7/30.

11 AUG

App. F. III—2]

General and Revenue Secretariat

Cs File No. 127 of 1929.

Serial No.

No 38419 25/6/30 from the Presdt. Central Co-operative Bank Ltd Bangalore Requests that the amendment to Rule 18 of the Rules under the C.S. Regn be first published under Sec. 44(3) of the C.S Regn with a view to enable the Bd to place their views before Govt for Consideration. Ch Secy's orders: Please bring up 25/6.

2 " - Put up draft Notn publishing the amendment proposed & cancell previous Notn dt 17.6.30

Subd with two drafts for consideration with reference. The Protection Branch may if appd be also consulted as to whether the form publishing the amended rules for criticism is correct.

28/6 3 Please put up the General clauses Regn of 1899 Ca 30/6

Subd Sec. 23 of Gl clauses act is referenced vide flag A.

5 2 dfts for approval (If necessary Prot. Br. may also be consulted) Ca 1/7/30

Ch. Secy 6 Please consult Prot Br as proposed & put up clean drafts

CHIEF SECRETARY. 1 JULY 1930

Nov 7/7

7 For favour of opinion whether the proposed draft notification regarding the publication of the amended rule is in order (Prot. Br) Ca 2/7

Note Contn. Sheet

Prot. Secy.

Notification in the enclosed form. 2/7/30

WD 02328—GPB—10,000—22-4-30

General and Revenue Secretariat | File No. | of 193

Serial No.

8

Draft- Issued

Issue 9/7 mg.

9 A draft in the usual form is put up.

9/7

Secy. Bd.)

(9) Submitted two typed drafts. Letter to Sir N. P. Puttannachetty will if approved, be proposed after the notifications issue.

yes Ca 8/7

Secy. 8/7 ~~The~~ 2 opts for approval

[The draft of the notification publishing the rules put up by the Govt. Br. has been slightly revised in accordance with the form used in all cases, as per usual instructions (Please see linked file)].

Ca. Secy

Ca 8/7/30

CHIEF SECRETARY. 8 JULY 1930

314 9/7

10 As pointed out by the President Central Bank, the notification of 17/6/30 was premature. The necessity for previous publication of the proposed amendment was unfortunately lost sight of.

11 The two drafts now put up may be approved. A suitable reply will also be sent to the President, Central Bank

Secy Members)

8/7 Ca 9/7

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

Issue & Submit.

15 Issued & put up a draft reply to the President now

9.7.30 Ca 10/7

1102

G File No 127 of 1926 | General and Revenue Secretariat

Serial No.

To the Compiler Mysore Gazette.
D 398 & 11.7.30.

Cancelled Cancels Not^n No D 13793/Ce 127-29-3 6
& 17.6.30 amending Rule 18 of the Rules under
the Co-op Act.

To the Compiler Mysore Gazette No D 399 & 11/7/30 7
Publishes proposed amendment to Rule 18
referred to above for Criticism.

16 Subd with draft letter to the Prest Central Co-operative
Bank as per Orders para 15 above

Secy 17 Opn for approval
12/7 Ch Secy

Ce 14/7/30

CHIEF SECRETARY.
14 JULY 1930

18 Issued
Ce 16/7

No 869 & 17.7.30 from Pres^t Central Co-operative Bank Ltd
forwards copies of the two notifications issued on 11/7/30.
in regard to the amendment of the Rule referred to
Ad^ps & 15/7/30 from the Chief Sec^t Mysore City Co-operative Society. States how the
proposed amendment works as a hardship.
Subd 19 As two months' time has been
allowed for Public criticism in G 17 above
this criticism if any will be subd for
orders soon after the expiry of the time allowed

Secy
19/7

Ce 21/7/30

Sus Bo
up to 1.9.30

Note–Contn. Sheet

SECRETARIAT
17 JUL
DEVELOPMENT

1548
740
1930 4

App. F. III—2]

General and Revenue Secretariat | Cs File No. 127 of 1930

Serial No.

From the Asst Bangalore Central Co-operative Bank Ltd Bangalore - Acknowledges receipt of 8/8 and promises to send in his representation as early as possible - Subd for perusal. The promised report will be awaited upto 11/9/30 if appd - as the Notification calling for public Criticism on the proposed amendment is d/ 11.7.30

28/7 KD

21. yes CC 26/7

E

Govt B forwards KD

Letter no 3589 d 6.8.30 from the Secy Bangalore City Co-operative Bank Ltd. Submits that the maximum ordinarily payable may be fixed at 8% instead of 7-1/2% as proposed

Subd for perusal - The Case will be submitted on 11.9.30 after when the date fixed for public Criticism will expire

10/8 KD — 12 yes CC 12/8

Govt B upto 10/9/30 Recd 17/8

Letter d 24/8/30 from the Secy Srikrishnaraja C.S. Gubbi - States that the existing rules regarding issue of dividends may remain unaltered -

~~Subd the case file will be finally~~

~~Subd for orders~~

Subd The two months' time allowed by the Notn d 11-7-30 Expires by 11-9-30

Note—Contn. Sheet

WD 02328—GPB—10,000—22-4-30

5

L. 765

File No .of 192 General and Revenue Secretariat

Serial No.

and the Case will if approved be submitted soon after that date.

5/9/30 yrs 6/9

Letter from the Sir Ganapathi Co. Sapur States that it is undesirable to alter the existing Rules for reasons assigned Submitted for perusal. The Case will be finally worked up after 11/9/30.

8/9 yrs 9/9

No 898 & -/9/30 from the Pres. Bangalore Central Co-operative Bank. Explains why the rate of dividend should remain unaltered & how the Restriction of the rate to 7½% will adversely affect the interests of investors in the Bank

Submitted Reports from the following Co-operative institutions have been received so far:-

	Name	View	
1	The Mysore City Co. Ltd	old order should Stand	P.W.D I
2	The Bangalore City Co-operative Bank Ltd	Limit may be fixed at 8%.	P.W.D II
3	Srikrishnaraja Co. Ltd. Gubbi	Old order to Stand	P.W.D III
4	Ganapathi Co. Sapur.	Do	P.W.D IV (Exc)
5	Bangalore Central Co-op Bank	Do	P.W.D V.

Note–Contn. Sheet

2089
2295

General and Revenue Secretariat — C.S File No. 427 of 1929

Serial No.	
	29 Notfn. No D 399/ES 1.27-29-7 of 11/7/30 has appeared in the issue of the Gazette of 17/7/30 - Whether time upto 17-9-30 should be given for sending up opinions is for orders - May the disposal of the file be taken up after the 17th instant? 12/9 30 As three months time has been given from the date of the publication of the notification the Secretariat will dispose only on 17.9.30 (A. Lee) Ce 12/9
A	
	31 Yes Ce 13/9
	14 Letter dt 12/9/30 from the Manager Grain Merchants' Co. Bangalore — Explaining why it is not desirable to limit dividends to 7½% - Submd 32 for perusal — The case has to be submd for orders finally on 18/9/30. 15/9
	15 944 dt 17/8/30 from the Pres. Bangalore Central Co-operative Bank - Forwards an extract from the Proceedings of the Bank's General Meeting held on 14/8/30 affirming the proposals made in Sl 13. 33 Kind reference is invited to para 28

Submd for Orders 18/9/30 CHIEF SEC. RTS. 13 SEP. 1930

Ce 18/9

DEV Submd for Orders 18.9.30

NOTE—Contn. Sheet

File re amendment of Rule 18 Co Rules.

7

Cs File No. 127 of 1937. | General and Revenue Secretariat

of the notes above -

34 Under Rule 18 of the Rules under the Cooperative Societies Regn as it now stands a member of a cooperative Society is debarred from receiving a sum exceeding 10% on the share Capital actually paid up by him in dividend & bonus for one year without the Registrar's sanction.

35 In para 156 of the Cooperative Committee's report (Flag Z) the Committee was agreeable to admit the grant of dividends having consideration to the then existing Market Conditions -

36 In the last Cooperative Conference held at Mysore it was resolved that - the maximum rate of dividend should be limited to 7½% -

37 The Registrar Cs. agreeing with this Resolution moved Govt for suitably amending Rule 18 referred to.

38 As it was necessary to invite the opinion of those interested in the proposed modification of the Rule under Sec 44 (4) of the Cooperative Societies Regn action was taken accordingly. A notification was published in the Gazette calling issue dt 17-7-36 - opinions have been received so far from the following Cooperative Institutions : —

Flag A

1. The Mysore City Cooperative Society Ltd - P.U.D I

2345 2347 2515 8

App. F. III—2]

General and Revenue Secretariat | G File No: 127 of 1929.

Serial No.

P.W.D II
P.W.D III
P.W.D IV
P.W.D V & VII
P.W.D VI

2. The Bangalore City Co-operative Bank Ltd
3. The Sri Krishnaraja Co-operative Society Ltd Gubbi
4. The Ganapathi Co-operative Society - Salgr.
5 The Bangalore central Co-operative Bank Ltd
6. The Grain Merchants' Co-operative Society Bangalore

39 of these it is only the Bangalore City Co-operative Bank that has expressed itself in favour of reducing the maximum dividend ordinarily payable to 8%.

40 All the other institutions are not in favour of reducing the Hon'ble rate from 10% as originally fixed. The most important reasons assigned is that the 7½% dividend is not sufficient inducement for capitalists to become shareholders in co-operative institutions having regard to market conditions & the absence of any need to them for obtaining loans from such institutions.

As the file may perhaps be required in 1919 a/o to the Registrar for his opinion on the views expressed by the Societies

A. Secy

Ce 23/9

40 Yes

23/9

CHIEF SECRETARY'S 23 SEP 1920

41

Forwarded with compliments to the Registrar of Co-operative Societies in Mysore for favour of remarks

By Order

For Chief Secy.

24/9/20

Now 4988 27/9

NOTE—Contn. Sheet

WD 02553—50,000—GPB—8-7 30

Enc with G.O. 2515-127-1929 9

202 c
21-10-30 y

42) The amendment now proposed to be passed is based on G.O.No. D.12767/C.S.127-29-2 dated 16th May 1930 accepting the resolution passed at the 16th Mysore Provincial Co-operative Conference restricting the rate of dividends payable on shares in a Co-operative Society to 7½% per annum. That the principle involved in the resolution is highly co-operative cannot be denied, as it is the essence of co-operation that profits should go to members who actually contribute it, and that a reasonable rate of interest should be paid on the capital. As already mentioned in my letter No.5134/C.S. dated 19th March 1930, a high rate of dividend has always been prejudicial to the interests of the borrowing members who will be compelled to pay a fairly high rate of interest on loans. It cannot be denied that 7½ per cent per annum is a very reasonable rate of interest to shareholders

43 It may be noticed that out of about 2000 societies, only 6 Co-operative Institutions have objected to the proposed amendment. It should be borne in mind that every society in Mysore (even of the unlimited type) has got share capital on which an annual dividend is being paid. The total amount of paidup share capital on 30-6-1930 was Rs.47,13,468 of which the share capital of these 6 institutions was about 7 lakhs of rupees. Let me examine the reasons given by these six institutions for retaining the rate as it is.

44 <u>The Bangalore Central Co-operative Bank, Bangalore</u>:- I have pointed out in a number of my letters to Government that this Institution is, in actual working, a Joint Stock Institution enjoying all the privileges of a Co-operative Institution. The chief reason assigned by the authorities of the Bank is that, out of a total membership of 891, as many as 417 are not borrowers, who have taken up shares therein as a safe and sound investment for their money. In the course of my inspection of the Bank, I have noticed that the majority of these so called non-borrowing members are the kith and kin of a few of the Directors, their sons, wives, daughters, son-in-law etc., each holding shares to

S 127 — 29

10

to the extent of Rs.1000/-. It was also noticed that the major portion of the shares of the Bank had been taken up by these non-borrowing members to the greatest disadvantage of the borrowing members. The dividend test of the success or failure of a Co-operative Bank is utterly wrong. High dividends do not necessarily mean success and financial stability, neither do low dividends mean failure and inefficiency. The probability is that the low dividend paying society is financially the stronger. The true index of the successful working of a co-operative institution is not the rate of dividend paid on shares but the reserve fund built up. The demand for a high dividend comes from a wrongly directed or badly informed membership which does not set a sufficiently high value on the other advantages secured by all who join a co-operative society It will be interesting to note that, though the Bank was given provincial jurisdiction for the grant of individual loans, it has not cared to increase the number of shares, and from 1927 the number of shares available for being granted to new members is practically nil, and I have during my tours in the Districts received complaints from the public that their applications for membership are rejected on the ground of non-availability of shares. And the authorities of the Bank proudly say that their shares are so eagerly sought for by the investing public that a premium of Rs.15 is levied on evey share while in reality there are practically no shares available for allotment. (This is another unhealthy practice in vogue in the Bank). The truth is that the Bank does not want to admit more members and enlarge its usefulness, lest the present clique should be broken by the inclusion of fresh young blood.

45 The Bank reproduces para 156 of the Mysore Co-operative Committee's report in support of their contention for a high rate of dividend, but conveniently omits para 160 wherein the committee are definitely in favour of restriction of dividends in the case of the New Apex Bank. It is stated therein "The New Provincial Bank must adopt the following principles:-

1. x x x x
2. x x x x

3. x x x x
4. Restriction of dividends.

46 This view has been accepted by the Government in their Order No.I.C.6492-6563/C.S.34-23-4 dated 30-3-25.

47 Somce of the observations made by the President of the Central Co-operative Bank savour of contempt and ridicule towards the Co-operative Institutions. His observation that the Conference could ~~xxx~~ without any hesitation whatever pass resolutions for the abolition of dividends and charging of nominal interest on loans alleging thereby that the representatives of Co-operative Insitutions assembled in Conference are lacking in business ideas, deserves condemnation.

48 2. The Mysore City Co-operative Society,Ltd.- The reason advanced by this Institution is that the proposed limitation of dividends will affect the share capital as there will be no encouragement for members to invest their ~~xxxxxx~~ monies in shares which would seriously in turn affect deposits. That deposits will be affected by share capital is a grave misconception. The flow of deposits does not depend upon the share-capital or the rate of dividends on shares but on the financial stability,confidence in the Directorate and the efficient management of the Institution and also on the reserve fund built up by the institution. For example there has ~~xx~~ not been much appreciable increase in the paid-up share capital of the Apex Bank and the maximum rate of dividend is fixed at 7½ per cent per annum, but the amount of deposits held has increased from Rs.9,85,460 on 30-6-27 to Rs.24,97,103 on 30-6-30, while the increase in share capital during the period has been only Rs.44,388/-.

49 3. The Bangalore City Co-operative Bank,Ltd.- This institution is agreeable to the reduction from 10 per cent but considers that the maximum may be fixed at 8 per cent instead of at 7½% as proposed. This is an indication of the fact that the principle of reduction is acceptable to the Bank.

50 4. The Gubbi Sri Krishnaraja Co-operative Society:- From the letter it is clear that the society has degenerated itself into a dividend hunting institution. The paid up share capital is only

only about Rs.12000/- . Same remarks as in the case of the Mysore City Co-operative Society apply.

51) 5. The Sagar Ganapathi Co-operative Society:-The plea that share capital will be reduced by the reduction in dividends does not hold water for reasons already given above.

52) Limited area of operations is necessary to ensure the maintenance of the true co-operative spirit and mutual knowledge, so essential for the successful working of a co-operative society.

53) 6. The Grain Merchants' Co-operative Bank:- As already mentioned above, the rate of dividend on shares has no relationship with the attraction of deposits. Deposits can be attracted only by winning public confidence by efficient management.

54) This subject was again placed before the 17th Mysore Provincial Co-operative Conference held during September last and the Conference reiterated, by an overwhelming majority, the former resolution that the rate of dividend and bonus allowable on shares should be fixed at a maximum of 7½% per annum.

55) A fixed dividend of 5% on capital and the remaining surplus to borrowers in proportion to the amount of their borrowings, which is identical with the practice of dividend on purchase in Co-operative Stores, is the general rule in most of the advanced countries of the West. In Japan the law limits the rate of dividend to 6% and in exceptional cases to 10%. The proposed amendment is to the effect that without the special sanction of the Registrar no society should pay a dividend exceeding 7½ per cent. The Registrar is empowered to sanction a higher rate in exceptional cases, but he should exercise this power rarely.

56) The Shimoga Co-operative Bank, the Tumkur Co-operative Society The Harihar Co-operative Society, The Koratagere Co-operative Society, the Kyathasandra Co-operative Society, the Closepet Co-operative Society, the Channapatna Co-operative Society, the Chintamani Co-operative Society, the Hoskote Co-operative Society and a number of other societies which were all along declaring a higher rate of dividend have, at their General meetings held since the Government Order of May 1930, agreed to take only 7½ per cent dividends. This shows that the general view of Co-operators all

C 129-29 (13

all over Mysore is in favour of a 7½ per cent dividend and a rebate to borrowers out of the surplus.

18/10.

K H Ramayya
Registrar.

P.T.O

General and Revenue Secretariat | G File No. 12 of 1929.

Serial No.

57) Subs The note of the Regr Cs has been referenced & put up for orders.

58) The Co-operative Institutions that are against the reduction of the maximum rate of Dividends from 10 % to 7½ % base on their objections on the two points noted below:—

1) The non-borrowing members of these institutions do not find it attractive to continue as shareholders unless they can hope for large dividends. The Regr however considers that a dividend test is no healthy test for valuing the efficiency of co-operative Institutions but and considers that the building of a good reserves & efficient management is the true index.

2) Less dividends means less attraction for deposits. The Regr melts this by saying that flow of deposits depend more on the financial stability of these Concerns such as their Reserve fund, their efficient management & their Directorate.

59) The Registrar adds further that the Cooperators emphasised the necessity for reduction in the rate of dividends prevailing during the last session of the Co-operative Conference

Sd/ [illegible]
23/10

NOTE—Contn. Sheet

WD 02653—50,000—GPB—8-7 30

15

File No. of 193 .

General and Revenue Secretariat

60

From the report of the Registrar it appears that the Societies which have protested against the proposed reduction of the maximum rate of dividend have done so through selfish motives & that by far the greater no. of Societies are in favour of the reduction. The proposed amendment, however, gives power to the Registrar to sanction an increased rate of dividend in special cases, so that any restriction so deserving it may place its case before him. On the whole, therefore, in the interests of co-operation it seems desirable to make the amendment.

61 The Central Co-op Bank pray that in the event of Govt: accepting the amendment an exception may be made in its case under S. 44(1) of the Regulation. This is for consideration.

62 This subject was to be discussed at the meeting to be held with a deputation of the Bank on the 21st inst

Ch. Secy

Ch
25/10

63 An extract ~~from the~~ of the memorandum prepared by the Director of the Central Bank on 21/10/30, so far as it relates to this question, may be prepared & kept in the file.

Extract is typed
Ch
25/10

2111 (b)

App. F. III—2]

General and Revenue Secretariat | 6 File No. 127 of 1928.

Serial No.	
16	No 1715 dated 30.9.30 from the President Bangalore Central Co-operative Bank – Requests that before final orders are passed on the question of reducing the rate of dividends payable to Share-holders from 10 to 7½% a deputation from the Bank may be given a hearing.
	Subd The file on the subject of reducing rate of dividend from 10 to 7½% has been referred to the Regrs for opinion Ho. on 24/9/30 – It returned with it appn be awaited.
	5/10 C. Secy
	Ce 8/10
	Ref 10/30.
	Ce 10/10

D 2515 (Cs 127-29)

Ans B for a week
Ref 10/10

CHIEF SECRETARY.
8 OCT. 1930

NOTE—Contn. Sheet

WD. 02553—50,000—GPB—8-7 30

2315 (8) Ce 17

App. F. III—2]

General and Revenue Secretariat | C.S. File No. 127 of 1929

Amendment to Rule 10 of the Rules under the C.S. Regn.

Serial No.

64) The Registrar may be asked to report what are the rates of interest (ordinary and penal) ~~now~~ charged by the Central Bank to its borrowing members and what rebate, if any is allowed to them for punctual repayment

~~24/10/30~~ 28/10.
Ce 28/10

65)
Subd with draft -
Sd KD 66 issued Ce 31/10
28/10

17 To The Registrar C.S. No. D 4799/C.S.127-29-17 dt 31/10
Calls for an early report on the rates of interest (ordinary & penal) charged by the Bangalore Central Co-operative Bank to its borrowing members.

18 No 3305 Cs 9/13/12/30 from the Reg Co Reports that the Central Co-operative Bank charge ordinary interest which varies from 8½ to 11%, & that its default rate is 15% a year & that rebates will be allowed hereafter to members who discharge their obligations to the Bank without default -

67) Subd for orders with ref Ce to para 66 above
Sd KD H. Ley 6i Ce 23/12
22/12/30

69 ASD 26/12/30
Chief Secy

S 0043

NOTE – Contn. Sheet

26 DEC 1930

WD 02553—50,000—GPB—8-T 30

General and Revenue Secretariat | G File No. 127 of 1939.

Serial No.

70 The one argument put forward by the Registrar of Co-operative Societies for amending the rule is that a high rate of dividend on share capital is opposed to co-operative principles and that it encourages Societies to charge a correspondingly high rate of interest to borrowing members. He also points out that high dividends do not necessarily mean success and financial stability. All this is of course undeniable but the point is whether the maximum rate now fixed (10 per cent) is reasonable or not.

71 The Directors of the Central Bank who waited in deputation on the Second Member of Council some time back pointed out that although in England and other western countries the dividend on capital is limited to 5 per cent or even less, the rates adopted in India are much higher viz.,

Burma	20%
Bihar & Orissa.	12½%
Punjab.	10%
Coorg.	10%
Madras.	9%
United Provinces.	10 to 12%
Bengal.	12½ or more with special sanction of Registrar.

Page 233 "The Law and Principles of Co-operation" by Calvert.

72 It is stated that the recent orders of Government of India have limited the dividends to a rate not exceeding 2 or 3 per cent above the rate paid

NOTE—Contn. Sheet

WD 02553—50,000—GPB—8-7 50

on deposits and that this would have the effect of reducing the rate to 8 or 9 per cent in future.

73 In the case of the Bangalore Central Bank it is seen that the average rate of interest paid on deposits during the past three years is about 6%. Applying the principle just stated, the maximum permissible dividend in this case would be about 8 or 9 per cent. For the other Societies which have raised objection to the proposed change of the rule, the figure may be a little higher.

74 Considering all these circumstances, a maximum of 9% would perhaps be theoretically proper rate for Mysore. And this was also the rate suggested by the Mysore Co-operative Committee, 1923. But as this differs very little from the existing rate, there is no pressing necessity to make a change in the Rule. The matter, may perhaps be allowed to lie over for the time being.

OFFICE OF THE SECOND MEMBER OF COUNCIL
29 JAN. 1931
No. 6924

Second Member 28/1/31

75 I am in favour of reducing the max. rate of dividend to 9% as early as possible. Would this again require previous publication?

30/1/31

30/1

Serial No.

761

Subd Para 3 of Sec 44 of the Mysore Co-operative Societies Regn requires that the Rules framed under that Sec are subject to the condition that they are made after previous publication. ~~In accordance~~ With a view to meet this condition, the proposal to reduce the minimum dividend payable in Co-operative Societies from 10 % to 7½% was published - It ~~does not~~ therefore seems necessary now to Notify the proposal to limit the dividend to 9 % ~~as the practice of reducing the dividend was objected to abroad~~ - If appd the L.R. may be ~~ob~~ Consulted -

Sd KP 31/1

7) Publication seems necessary & may be consulted

Ch. Secy

Sd C 6/2

8 I believe, in Madras, the practice has been not to republish the proposed rule in such cases. Please put up all G.O's received from Madras Govt regarding amendment of rules framed under C.S. Act during the last one year.

Sd 29

Sd C 6/2

9) Copies of these orders are not available here. Draft to Regr Cs is put up for orders. May the Residency also be addressed in the matter?

Sd KP 1/2

10) This may be done later if necessary

Secy C 12/2

NOTE—Contn. Sheet.

CS. File No. 127 of 1928 | General and Revenue Secretariat

To the Regr: C.S No D-8538 dy 20/3/31 | 19

Requests him to forward very early for reference & return, a copy (Madras) of the G.O's re the amendment of the rules under the Act during the past year

Secs A
Secl
23/3

GEN. & REV. SECTT.

No 4878-S 7/8/31 from the Regr: C.S. | 20

Submits Copy of the Co. Act & Rules framed thereunder by the Madras Govt containing latest Amendments.

Subd 30 This was not what was wanted in Sl 19 above & it does not furnish the reply regd in para 78 of the Rules. It is for orders whether the Residency should be addressed.

Secl 12/3 Sl Please issue draft as suggested Ca 7/3

Do. To the Regr: C.S. | 21

No. D 8984 dy 18.3.31

~~States that~~ Returns the Copy and calls for the amendments which are to be found published in the Ft. St. George Gazette

Secs A
Secl
18/3.

DEVELOPMENT BRANCH

Subd The following two Collections are put up as per Ch. Secy's orders to-day -

S 10-30 (1) 81, 1-3, 5 & 7; (2) 4, 6, 7a.

Flags A & B

~~Instruction~~ 83 Submitted with ref to Chief Secy's note in para 78 on the reverse. Attention is respectfully invited to the words "subject to an alteration in the Madras Govt orders No 1390 Dev 11-7-1930"

Secl 9/4

Flag B

84 Ch. Sec's personal instn: to put up draft G.O. notifying reducing dividend to 7%

KB 9.4.31

Ca 9/4

6530

App. F. III—2]

General and Revenue Secretariat | File No. | of 193

BRITISH OFFICE 568

Serial No.

ask[ed] Mr Keyes answered in Reply & the Dewan is placed on the file.

85 Mr Keyes knows the banks which are pay high rate of dividend are not really "co-operative" in their character & personally feel inclined that the max. should be brought down to Engl. basis to 7½% as proposed by the co-operative Comm. But in view of the facts brought out in the Chief Secy. note of 28-1-31 I am agreeable to the rate being brought down as a first step to 9%.

86 Please submit to the Dewan

Ker
10/4/31

Dewan

87 RG
10/4/31
Ce
10/4

88
I am inclined to agree with Mr. Registrar.
I think the Member too, is inclined to take the same view after the further discussion he had with the Registrar yesterday.

JM
13-4-31

Second Member

89 RKS
15/4/31
Ce
15/4

90. Ker
15/4/31

91 Draft Notification

Ker
16/4
Ce
16/4

OFFICE OF THE SECOND MEMBER OF COUNCIL
10 APR. 31
No. 935

OFFICE OF THE SECOND MEMBER OF COUNCIL
15 APR. 31
No. 949

NOTE—Contn. Sheet.

WD 02553—GPB—50,000—8 7 30

93 530

G File No. 127 of 1929 | General and Revenue Secretariat

92 Subd with Draft Notn. Instructions are solicited whether in such cases an order and a notn on the lines indicated in the Memo under (Flag B) may be proposed

17/4

KB 17.4.30

93 Not necessary perhaps. Opn: for approval

Ch. Secy

ca 17/4

CHIEF SEC.
17 APR. 1931

94 It is better to put up a draft G.O also explaining the reasons for the change

Early

Nil
20/4
ca 20/4

95 Subd with draft G.O also as per orders.

Sd. KB
21/4

Opn: for approval

Ch. Secy

ca 22/4

On further consideration, I think the draft notn is sufficient (without any G.O). The draft notn may issue

CHIEF SECRETARY.
22 APR. 1931

Nil
25/4/31
Issue
ca 25/4
23

To the Compiler, Mysore Gazette
Rc. D 9473 & 28.431
Notifies the amendment of Rule 18 as above

GEN. & REV. SECRETARIAT
DEVELOPMENT BRANCH.
1 MAY 1931
8/5/4

No. 3841
ENCLS.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 24th June *1930.*

CS. 127-29-5

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To P.S.

CHIEF SECRETARY 1930 25 JUNE 1930

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR

With reference to Govt. Notification No.D.13793 dated Camp Mysore, 17th Instant, published on page 492 Part II of the Mysore Gazette of the 19th idem, restricting the Dividends to be declare by Co-operative Societies to 7½ %, I have the honour to request the favour of being informed as to whether, as required in Clause 3, Sec. 44 of the Co-operative Societies Regulation VII of 1918 & more clearly set forth in Sec. 23 of the General Clauses Regulation of 1899, the previous publication of the amendment of Rule 18 referred to therein was made & if not so made, whether the Government will be pleased to notify it for publication with a view to enable the Board & other bodies concerned to place their views before Government for consideration.

I have the honour to be,
Sir,
Your most obedient Servant,

President.

C.S.127-29-6

D 398
Two drafts
11/7/30

Notification.

Notificati n No.D.13793/C.S. 127-29-4 dated 17th June 1930 amending rule 18 of the Rules under the Co-operative Societies Regulation VII of 1918 published on page 495 Part II of the Mysore Gazette of the 19th idem is hereby cancelled.

Dated 11/7/30

Signed by Rao B. Vasudeva Rao

By Order,

for Chief Secy.to Govt.,

To

The Compiler, Mysore Gazette.

ACH. 5/7.

C.S.127-29-7 Two drafts 3 D 399 9/11/20

Notification.

The following draft of an amendment which the Government propose to make in exercise of the powers conferred on them ~~under~~ by Sec. 44 of the Mysore Co-operative Societies Regulation 1918 to the Rules issued under the said Regulation with Notification No. 326/E.C. 66-18-13 dated 9th ~~June~~ July 1920, is hereby published for the information of persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the expiry of two months from the date of publication of this notification ~~and that~~ Any suggestions or objections which may be received from any person with respect to the said draft within the period aforesaid will be considered by Government.

Date 11/7/20

Sgd/ Hy N. Nakadamba Bee.

For Rule 18 of the said rules the following Rule shall be substituted.

(Here enter the Rule as flag Z)

By Order,

Chief Secy. to Government.

To

The Compiler, Mysore Gazette for publication.

£ 400

Copy to the Regr Cs. for information

ACH. 5/7.

Appendix F G—1

SUBJECT.....

.....

.....

Section C.S.

File No. 127-29

Serial No. 8

No. D 869

(In use)

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

To

The Pres. Bangalore Central Co-operative Bank Ltd

Date of issue 17/12/30

Signed by..... for C.S. Nuraka

Sir,

I ~~am directed~~ am directed to acknowledge ~~with thanks~~ the receipt of your letter No 3841 of 25/6/30 enquiring whether an ~~pointing out the omission~~ recent amendment made to Rule 18 of ~~to invite Criticism on the~~ the rules under the C.S. Societies Regn. ~~proposal to restrict the dividends~~ has been published previously as required ~~to be declared by a Co-operative~~ by S. 44(3) of the Regn., and to state ~~Societies to 7½% before amending~~ that it is required that this was unfortunately ~~Rule 18 of the Rules~~ Rule under omitted to be done by an oversight. The ~~the C.S. Regn VII of 1918, and to~~ notification has already been withdrawn ~~State that necessary action~~

over

List of enclosures.....

Mat this has not been done.

Copied by..... ~~has existing~~

~~The application, case of the notice~~

Owing to this omission, the notice has been cancelled and

Examined by.....

and a fresh notification issued
publishing the proposed amendment
~~has been taken since to supply~~
for public criticism.

I am to enclose herewith for your perusal a copy of each of
~~taken in the matter~~ the notifications issued in the matter

~~A copy of the notification~~ each of
~~In the~~ In the latter case now issued
~~in the latter case is also appended~~ enclosed.

I have &c

CL
14/7/30

Forch - Secy

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

General and Revenue Secretariat

No. D 869/Rone Dated, Bangalore, 17/7/30

From N. Madhava Rao, Esq., B.A., B.L.,
~~M. RAMA RAO, Esq, B.A., B.L.,~~
Chief Secretary to the Government of His Highness the Maharaja of Mysore
~~Private Secretary~~

To

The President,
Bangalore Central Co-operative Bank Ltd.,
Bangalore City.

Sir,

I am directed to acknowledge the receipt of your letter No. 3841 dated 25th June 1930 enquiring whether the recent amendment made to Rule 18 of the rules under the Co-operative Societies Regulation had been published previously as required by Section 44(3) of the Regulation and to state that this had not been done. Owing to this omission, the notification has been cancelled and fresh notification issued publishing the proposed amendment for public criticism.

I am to enclose herewith for your perusal a copy of each of the notifications since issued in the matter.

I have the honour to be,

Sir,

Your most obedient servant,

17/7/30

For Chief Secretary to Government.

TSS 17-7

6

EST: 1906

The Co-operative Society, Limited.,

Statue Square, Mysore City.

C.S. 127-29-9

Dated 15th July 1930.

To

The Chief Secretary to Government
of Mysore, Bangalore.

Sir,

We have the honor to enclose herewith a copy of the Resolution No.17 dated 2-7-1930 of the Managing Committee of the above Society in Re: Circular No.21 dated 26-5-1930 of the Registrar of Co-operative Societies with Government order dated 16-5-1930 D.12767 C.S.127-292.

We further request the favour of being informed as to whether, as required in clause 3 Section 44 of the Co-operative Societies Regulation VII of 1918, the previous publication of the amendment of Rule 18 referred to therein was made and if not so made whether the Government will be pleased to cancel the said order and be pleased to notify it for publication with a view to enable the Co-operative Institutions to place their views before Government.

In this connection we beg to bring to the notice of the Government that the said order will very seriously

P.T.O.

No. 239
ENCLS. -/

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 21st July *1930.*

C. S. 127-29-R

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

SIR,

I have the honour to acknowledge with thanks the receipt of your letter No.D 869 of the 17th Instant regarding the cancellation of Notification No. D 13793 of the 17th Ultimo restricting the rate of dividends to Co-operative Societies and to state that the matter will be placed before the Board & a representation submitted to Government as early as possible.

I have the honour to be,
S i r,
Your most obedient Servant,

P r e s i d e n t.

months allowed by the Co-operative Societies for future provision expires.

affect the interests of the Co-operative Institutions in as much as there will be no encouragement for members to invest their monies in shares of Co-operative Institutions in the shape of share amounts, which would seriously in turn affect the Fixed Deposits. We therefore request that the Government may kindly be pleased to withdraw their order above mentioned and be pleased to restore the old order.

Thanking you,

We beg to remain
Sir,
Your most obedient servants,

P. Abdul Hamid

Hon. Secretaries.

BV.

To No. 3569

MEMORANDUM

To

D. 1225

GEN. SECRETARIAT

8 AUG. 1930

DEVELOPMENT BRANCH.

From

THE SECRETARY,
THE BANGALORE CITY CO-OPERATIVE BANK, Ltd.,
106, Albert Victor Road, Chamarajpet,
Bangalore City, 6th August 1930.

The Chief Secretary
to the Government of Mysore,
Bangalore.

C. S. 127-29-10

Dev: Dept.
8 AUG. 1930

Sir,

In response to the notice appearing in the Mysore Gazette of 17th July 1930 inviting suggestions or objections to the proposed amendment to rule 18 issued under the Issue Co-operative Society Regulation 1918, I am directed to statethat this Bank is of opinion that the maximum dividend ordinarily payable may be fixed at 8% instead of 7½% as proposed in the amendment.

I have the honour to be,
Sir,
Your most obedient servant,

Secretary.

SAR.

వెంకటాపురం మండలం సర్వేయర్ గారి
అందుబాటులో ఉన్నారు.

1765

నల్గొండ జిల్లా కృష్ణాపురం గ్రామ పరిధిలోని సర్వే నెం. C.S. 127-29-11
లో ఉన్న భూమిని సర్వే చేసి హద్దులు నిర్ణయించి

మాకు ఆ.సో. నల్గొండ వారి రిజిస్టర్డ్ వారి జ్ఞాపకం
మెమో నంబర్ 16-5-30 తేదీ నాటి D.12767-A/
C.S. 127-29-ఎ/ది.వం. ద్వారా మీరు పంపిన దరఖాస్తు
మేరకు మీ పట్టా నెం. ది. 399-ల.స. 127-29-7లోని
పొలం ఆరకరీ పీఠ్ రూలు 18 ప్రకారం మోసిన విచారణలో
తేదీ 20-7-30 రోజున పిలిచిన అన్ని పార్టీలు
హాజరుగా ఉండి, ఇరువైపుల వాదనలు విని, సంపూర్ణ
పరిశీలన జరిపి, ఈ విచారణ వాదనలకు సంబంధించిన
రికార్డులు పరిశీలించి, శీఘ్ర కొలతలు చేసి, ప్రార్థన నివేదన
ఏమనగా:- గ్రామంలో ఉన్న సర్వే నెం. 7½ గల
భూమి చుట్టూ ఉన్న పొలాలకు దారి లేనందున
చుట్టూ ఉన్న పొలాల గట్లపై నడిచి వెళ్లవలసి
వస్తున్నదని, కాబట్టి ఈ పొలానికి దారి ఏర్పాటు
చేయవలసిందిగా కోరుచున్నారు. ఈ విచారణలో
రెండు పార్టీల వారు ఇచ్చిన వివరాలు, వారి
వద్ద ఉన్న పత్రాలు పరిశీలించి, ఇరువురి
సమక్షంలో ఈ భూమి చుట్టూ ఉన్న పొలాలను
కొలిచి, ఈ క్రింది విధంగా హద్దులు నిర్ణయించడమైనది.
ఈ హద్దుల ప్రకారం ఉత్తర దిక్కున 3 గజాల
వెడల్పుతో, తూర్పు దిక్కున 3 గజాల వెడల్పుతో,
దక్షిణ దిక్కున 3 గజాల వెడల్పుతో, పడమర
దిక్కున 3 గజాల వెడల్పుతో దారి ఏర్పాటు
చేయడమైనది. ఈ దారి ఏర్పాటు వల్ల సర్వే నెం.
7½ గల భూమికి దారి సౌకర్యం కలుగుతుంది.
ఈ దారి ఏర్పాటు వల్ల చుట్టూ ఉన్న పొలాల
రైతులకు ఎటువంటి నష్టం లేదని, ఈ దారి
ఏర్పాటుకు అందరూ అంగీకరించారని తెలియజేయడమైనది.
ఈ దారి ఏర్పాటు వల్ల ఎవరికైనా నష్టం కలిగినట్లయితే,
వారు తగిన ఆధారాలతో మా కార్యాలయాన్ని
సంప్రదించవచ్చని తెలియజేయడమైనది.

అరుగళ్ళనిసం ప్రేదల్లిన్నవుంచేంరూంవాం
గున్నారూంత 9/- రూంశిరేడమ్మొల్లదంకిడుంచి-రేంయున్న
డుంచుపుదాంనిస్సరూంద్రావవన్నజీడళ్ళుర్తా బంధిరు
పుదరిందనిరూంధ్రానన్నిస్థితింరుల్లిద్దాకి. న్నింజ్రాంద్ర
రల్లినఫీంయున్న షీరలదాంరరుగళ్ళగిరడవీంరూం
చి ఆబ్రాగదల్లిలుళ్ళిదఫణావన్నపాంలనారంగిళిరీ
చిపెన్న కీంతలుంరూంకీంచ్నరూంబచ్చీపుదిల్లి తిరి
డేండీ+చోణదీ 7½ గి. నిఁరతుంకే రుంల్లుభ్రాంతియూం
దల్లి బిందినింద న్నిద్దషీరుదాంరరుగళ్ళుర్తన్నీ
రన్న షీరుగళ్ళన్నీ వాంచనీకేసెదుంకీం ళ్ళిలిలి
వకాంశలుంపెంగలు వ్యరల్లదీ,జిచ్నగషీరుదాంరీ
రువషీలుదాంరంలు ప్రకాంలచల్లిషీలుదఫణా
శేగేదుంకీంతరికినంత్రీదల్లిబండవాళ్ళపుకర్త
మీబాళ్ళుపుదువలంత్రవల్లదీ,బిందీన్నిద్దషీరూం
దాంరరిగలుంవలుందీనీరచీకేందిలవషీరుదాం
రరిగలుంనిహ్నానంత్రీదల్లిభ్కరవసేంతలరర్త మీంయూం
గుపుదీంబవిచారవన్నిదంరూంధ్రునీకొంగారద
వరుగవునశ్రీకేందుంకీంతలు,బిందినడేంయులు
శ్రీద్దనచాంవళ్ళిదేంరుంరిరియోడిబితోంరీవంశ్రీ
చోణసస్సున్నిరుంచుశ్రీద్దరిరితిరంన్నినదేశ్రీ
కీంతభేదాంగిస్రీ త్రూనే

DEVELOPMENT & REV. SEC.

1. Copy forwarded to the Registrar of Co-operative Societies in Mysore. Bangalore.

2. Copy forwarded to the Asst Registrar of Co-operative Societies. Tumkur Division. Tumkur.

G. S. Chickagangaffa.
Secretary.
Sri-Krishnaraja Co-operative Society Ltd.
Gubbi.

Gubbi.
24-8-1930

MEMORANDUM

From

The Secretary,

Sri Ganapathi Co-operative Society Ltd.,

SAGAR. [SHIMOGA]

No. 2089 VARIA

Date 3-9-1930.

To DEVE

The Chief Secretary

To The Government of Mysore,

BANGALORE.

OFFICE SECRETARY 5 SEP. 1930

C. S. 127-29-12

Sir,

1765

Adverting to Government Notification No. D. 398--C.S. 127-29-3, dated 11th July 1930 published in the Mysore Gazette dated 15th July I have the honour to forward herewith the resolution of the Committee regarding the proposed amendment of the ~~Bye-laws~~ Rule 18 of the Bye -laws framed under Cooperative Society Regulations.

I have the honour to be

Sir,

Your most obedient servant

Honorary Secretary

HKM.

ಶ್ರೀ ಗಣಪತಿ ಕೋ-ಆಪರೇಟಿವ್ ಸೊಸೈಟಿ, ಲಿಮಿಟೆಡ್,
ಸಾಗರ (ಶಿವಮೊಗ್ಗ.)

Copy of the Resolution passed by the Directors in the Meeting held on 8-8-1930 regarding the amendment of the Rule 18 of the Byelaws under Cooperative Society Regulations.

The Committee are strongly of opinion that the restriction of limiting the dividend and Bonus to 7½ % will have the effect of bringing down the share Capital to a very great extent and will not be encouraging for the attraction of the share Capital either in the case of the existing Societies or in the new Societies to be formed.

The reasons for the above are:-

(1) Tightness of the money market.

(2) The advantages of getting higher rate of interest on investment in other institutions and firms.

(3) The limited area of the operation of the cooperative Society for the attraction of the share Capital especially in Malnad parts.

The ~~Committee~~ Committee therefore suggest that no change in Rule 18 is desirable at present. Further resolved copies of the above resolutions may be submitted to Chief Secretary to Government and Assistant Registrar of Cooperative Societies.

True Copy

Manager

ಶ್ರೀ ಗಣಪತಿ ಕೋ-ಆಪರೇಟಿವ್ ಸೊಸೈಟಿ, ಲಿಮಿಟೆಡ್,
ಸಾಗರ (ಶಿವಮೊಗ್ಗ.)

G 127 — 9 — 13

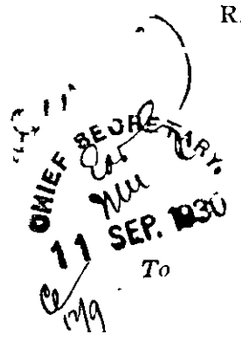
No. 898
ENCLS.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the th September *19* 30.

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.



To

The Chief Secretary to the Government of His Highness
the Maharaja of Mysore, Bangalore.

SIR,

In continuation of my letter No.239 dated the 21st July 1930, regarding the restriction of the rate of dividends to 7½%, I have the honour to submit the following for the favourable consideration and orders of Government:-

(i) This Bank was the first Central Institution started in the State in 1908 to finance both the Co-operative Societies & individual shareholders throughout the State. It was started with a share capital of Rs.50 thousand made up of 200 shares of Rs.250 each.

(ii) The rate of dividends declared for the first time was 6½% in 1910-11, the paid up share capital then being Rs.14,010.

(iii) The share capital was increased to one lakh of rupees during 1912-13 when the rate of dividends declared was 7% & the paid up share capital was Rs.36,425.

(iv) During 1913-14, the paid up share capital increased to

Rs-

Rs.49,880 & the rate of dividends declared was 8% which continued till 1918.

(v) In 1914, the Registrar made certain proposals among which was one for the restriction of dividends to 8% which the Board did not consider reasonable.

(vi) Representations in the matter were made to Government, who in their Order No.4501-2 dated the 29th April 1915 observed that the Central Bank was prepared to raise its share capital to Rs.3 lakhs & not to declare dividends exceeding 9% without the sanction of Government. The Bank declared 9% dividend for the first time in 1918-19.

(vii) In view of the condition of the money market & of the representations of the Board, the Government, while framing for the first time the rule on the subject finally fixed 10% as the reasonable limit so far back as 1920. The Bank has been able to declare the maximum dividend for the past 9 years from 1921-22 & also to build substantial Reserve & other Funds.

(viii) In discussing the question of limitation of dividends, the Mysore Co-operative Committee (Lalubhai Samaldas Committee) constituted in March 1920 observed as follows:-

Para 156 of the report - Flag Z

"The Provincial Bank is in favour of fixing the limit at about 7½% while the Central Bank would like to go up to 9%. We think, the Central Bank's limit is based on clearer perception of the present market conditions & would accordingly admit the grant of dividends up to 9%" ******** As regards the attraction of capital, the above Committee further remarked that the Bank's shares are of the value of Rs.250 each & its authorized share capital is 4 lakhs of rupees. Practically all the shares have been taken up. They are so eagerly sought by the investing public that a premium of Rs.15 is levied on every share given to individuals while shares are given to societies at par. * * * The Bank is also popular with its deposito

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LD.

14

R. (ix) While passing Orders in March 1925 on the several points raised in the Report of the Lalubhai Samaldas Committee, the Government in kind consideration of the previous representations of the Board & of the facilities to be afforded to Co-operative Institutions for the attraction of sufficient working capital, were pleased to leave intact the limit of 10% fixed by them as reasonable so far back as 1920 when the market condition & other circumstances were not as unfavourable and as precarious as now.

Vide Rule 18 of the Rules under the Co-operative Soc. Regn.

2. I have to submit that out of a total number of nearly 2000 societies registered under the Co-operative Societies Regulation, about 450 or a little less than ¼th the total number of societies are of "Limited liability" while the remaining large number of 1550 are of "Unlimited liability" & that under the Rules in force this large number of "Unlimited liability societies" are not allowed to distribute dividends to their shareholders & that therefore it is a matter of indifference to them what the rate of dividend is & how the profits, if any, are disposed of.

Sub para under Rule 18 of the Rules.

As regards the remaining 450 societies of "Limited liability" which under the Rules in force are eligible to declare dividends, so many as 150 societies have not been able to earn any profits at all for declaring dividends and some of them have worked even at a loss. Out of the remaining number of limited liability societies, it will be interesting to know how many of them are really in a position to declare dividends, seeing that the annual net profits earned by some of them have not gone beyond two digits.

3. The proposal to restrict the maximum rate of dividend payable by Co-operative Societies to 7½% appears to have been based on the resolutions passed in this respect at the last Provincial Co-

operative Conference at Mysore. I may be permitted to observe that in a Conference consisting mostly of representatives of societies of the above type which earn little or no dividend, it is certainly very easy to pass resolutions even for the abolition of dividends on shares & the charging of nominal interest on loans.

I have to submit here that the maximum rate should be laid down on some logical principle, that it should be substantially higher than that allowed to depositors by at least 3% for the increased measure of risk the shareholders undertake & that it should also be such as to attract the necessary share capital whenever required for working the institution successfully.

4. As regards the clientele of the Central Bank, I have to submit that out of the total number of 891 on its rolls, so many as 417 members are not borrowers and as the Mysore Co-operative Committee have observed, these have preferred to take up shares in this Institution as a safe & sound investment for their hard earned money which has also been fetching them reasonable return. Moreover, considering that under the Rules in force not more than four shares of the aggregate value of Rs.1000 can be held by any one member without the express sanction of Government, there is absolutely no fear of any particular class of persons appropriating for themselves a major portion of share capital & thereby monopolising the Bank's profits.

5. With regard to interest on loans, I beg leave to state that the Board have been acting on the principle that while the rate of interest on loans in Co-operative Institutions should be somewhat lower than that prevailing in the outside market, it should on no account be pitched too low to induce the borrowers to withhold payments to the serious inconvenience of the financing institution, as has unfortunately been the case in regard to loans issued to Co-operative Societies by the Bank years ago on the recommendation of

the Co-operative Department. The Board are also of opinion that the margin between the interest on loans granted to members & that paid to the depositors should be at least 3% for building up the Reserve and other Funds for meeting the necessary demands & also for paying reasonable dividends to share-holders.

6. The Board consider that any concession in respect of interest on loans should take the form of a rebate to such of the members as are regular & punctual in the due discharge of their debts to the Bank as such a grant will doubtless stimulate punctuality in the repayment of loans. The Board will make suitable provision in the allotment of profits for the grant of rebate.

7. I have to submit that in view of the prevailing stringent condition of the money market & of other unfavourable & distressing circumstances, the sudden lowering of the rate of dividends at an inopportune moment like the present one with long & heavy outstandings due to the Bank from a large number of defaulting societies yet remaining to be recovered, is sure to unsettle the minds of the shareholders & shake the confidence of the depositors & the general public in the Bank, dislocate its work & to seriously affect the stability of this pioneer Central Institution whose scope of activity unlike that of ordinary primary societies of limited jurisdiction, extends all over the State, on account of which, it necessarily requires a large amount of working capital for the efficient & satisfactory discharge of its functions as hitherto.

8. I therefore request that the existing minimum rate of 10% fixed by Government, after due consideration of all circumstances, 10 years ago as reasonable may kindly be left intact, as the existence of the present wholesome maximum which is but a permissive limit & not an obligatory one will not affect any Co-operative Institution in the Mysore State, much less the institutions of the type described in para 2 supra. If however for any reason, the Government are not

pleased to retain the existing salutory Rule 18 without any modification in the case of all limited liability institutions which are in no way affected by the present maximum, I beg that they may be pleased to make an exception at least in the case of this Institution under the power vested in them by Sec. 44 (1) of the Mysore Co-operative Societies Regulation, as it has uniformly been declaring the prescribed maximum rate of 10% dividend for the past nine years.

9. In conclusion, I respectfully beg to represent that this Bank has been built & brought up to the present efficient condition at great ~~personal~~ sacrifice when there was not another Central Financing Institution in the State & that it therefore deserves every consideration, help & encouragement at the hands of the sympathetic Government of Highness the Maharaja of Mysore.

I have the honour to be,

Sir,

Your most obedient Servant,

P r e s i d e n t.

THE GRAIN MERCHANTS' CO-OPERATIVE BANK, LTD.

NEW THARAGUPET 18

BANGALORE CITY

No. 6/1047

DATED 12th September 1930

"C".

GEN. & R. SECRETARIAT 2341 13 SEP. 1930 DEVELOPMENT BRANCH

To

CHIEF SECRETT 13 SEP. 1930

The Chief Secretary
to the Government of His Highness
the Maharaja of Mysore,
BANGALORE.

C.S. 127-29-14

2295

Sir,

With reference to the notification No. D.399-C.S. 127-29-7 dated 11th July 1930 inviting the views of the public regarding the amendment to 18 of the rules under the Co-operative Socities Regulation V11 of 1918, this Bank begs to offer the following suggestions.

The proposed restriction to the declaration of dividend to 7½% by the limited liability institutions handicaps the working of the newly formed institutions largely.

These minor institutions have largely to depend upon borrowed capital from the premier socities at a minimum rate of 8%.

These premier institutions which exercise provincial jurisdiction have better scope to attract depposits.

These major institutions have on their Directorates high Government officers both retired and in service. Their presence commands public recognition. In addition to this, the presence of lent officers from the Department also adds to infuse further confidence in the investing public. The absence of these facilities in minor and newly formed socities has reduced them to the position of inferiority. Besides this

THE GRAIN MERCHANTS' CO-OPERATIVE BANK, LTD.

NEW THARAGUPET

BANGALORE CITY

No. E/1047

DATED _____ 192

-2- COPIED

the older institutions offer competitive rates for deposits and this also acts adversly against the minor institutions.

The minor institutions can only attract capital by declaring a good dividend. The increase of capital gives more stability.

Due to above causes this Bank suggests that minor socities be exempted from the operation of the proposed amendment.

We beg to reamin,
Sir,
Yours faithfully,

MANAGER.

20

No. 944
ENCLS.

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 17th September *1930.*

C. S. 127-29-15

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore, Bangalore.

SIR,

In continuation of my letter No.898 of the 11th Instant regarding the restriction of the rate of dividends to 7½%, I have the honour to forward herewith an extract from the Proceedings of the General Meeting of the shareholders of the Bank held on the 14th idem relating to the subject.

For reasons therein assigned, I beg to request that the Government may be pleased to leave intact the existing maximum rate of dividend fixed by Government ten years ago after due consideration of all circumstances as the retention of the maximum will in no way affect any co-operative institution in the State.

I have the honour to be,
Sir,
Your most obedient Servant,

K. P. Puttanna Chetty

President

Extract from the Proceedings of the General Meeting of the Bangalore Central Co-operative Bank Limited held in the Bank premises at 8-30 A.M. on Sunday the 14th September 1930 under the presidency of RAJASABHABHUSHANA Dewan Bahadur Sir K.P. PUTTANNA CHETTY Kt., C.I.E.

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* * * * *

Subject No.2 on the Agenda relating to the reduction of the maximum rate of dividends from 10 to 7½% was then taken up.

In introducing the subject for discussion, the President stated that the views of the Board were definitely mentioned both in the printed Report and also in letter No.898 of the 11th September '30 addressed to the Government.

The letter was read.

The President thereafter requested the members to consider the subject from all aspects and arrive at a decision which would be satisfactory to all concerned.

From the above letter it was gathered that out of nearly 2000 Societies in the State registered under the Mysore Copperative Societies Regulation, a large number of about 1550 Societies were of unlimited liability type ineligible to declare dividends and the remaining small number of 450 Societies were of limited liability, permitted under the rules in force to declare dividends. Out of this small number of 450 Societies of limited liability, so many as 150 Societies were not earning any profits for declaring dividends, while some others worked even at a loss and the profits of some societies had not gone even beyond two digits. It was mentioned that the proposal to restrict the maximum rate of dividends to ~~@~~ 7½ p.c. was based apparently on the resolution passed in this respect at the last Mysore Provincial Cooperative Conference consisting mostly of Representatives of Societies

of the above type, which earn little or no dividends and which could without any hesitation whatever pass resolutions even for the abolition of dividends on shares and the charging of nominal interest on loans. It was also brought to the notice of the Meeting that nearly half the total number of Members on the registers of the Bank were non-borrowing members who, as observed by the Lalubhai Samaldas Committee, preferred to take shares therein as a safe and sound investment for their money, that as, under the rules in force, not more than 4 shares of the aggregate value of Rs.1000 could be held by any one member without the express sanction of the Government, there was really no fear of any particular class of persons appropriating for themselves a major portion of the Share Capital and thereby monopolising the Bank's profits. Moreover the limit of 10% fixed by Government 10 years ago as reasonable after due consideration of all circumstances being a permissive but not an obligatory limit, it could not obviously affect any Co-operative Institution in the Mysore State much less the large number of Co-operative Societies which were unable to earn any profits for declaring dividends. While concurring with the views of the Board expressed both in the Annual Report and in letter No.898 of the 11th Sept. '30 to Government, Rao Bahadur Mr. M. Shama Rao wished to add that Cooperative Institutions were decidedly at a great disadvantage, in that the shares were withdrawable by members unlike those of jointstock Banks. He explained that once a person purchased shares in a jointstock Bank, he could not get back the share amount from it unless he managed to sell them himself while the jointstock Bank was safe with the share amount once collected. But the case was entirely different in the case of Co-operative Societies which under the Regulation were under an obligation to return the share value if the Members wished to resign their shares.

23

This vital difference between a Joint-stock Bank and a Co-operative Institution should be wellborne in mind in fixing the maximum rate of dividends especially when the financing institution happened to be one which was meant to help either Societies or Individuals with wide jurisdiction, as the reduction in the rate of dividends would surely be followed by withdrawal of shares and the withdrawal of shares would again be followed by a run on the Institution by Depositors.

To avert such a contingency, it was absolutely essential that dividends on shares should be made sufficiently attractive.

Considering all circumstances dispassionately, Rao Bahadur Mr. M. Shama Rao observed that the existing rate of 10 p.c. could not be considered high and that as one of the Members of the Lalubhai Samaldas Co-operative Committee, he remembered that the Committee were in favour of a slightly enhanced rate of dividends, particularly in the case of Institutions in urban areas. This being so, Mr. Shama Rao stated it was all the more necessary that in the case of the Central Bank which had jurisdiction all over the state and which necessarily required a much larger amount of share capital than that required by ordinary primary societies of limited jurisdiction, the rate of dividend should be substantially high.

After a lengthy discussion, Mr. B. Vasudeva Moorti proposed and Mr. K. Devanathachar seconded that the Government be informed that this Meeting entirely concurs with the Board in the views expressed in their letter No.898 of the 11th Sept.'30 to Government and in the views expressed at the Meeting by Rao Bahadur Mr. M. Shama Rao and urges that the Board be requested to

-send-

send up a further representation to Government requesting them to keep the existing rate of 10 p.c. dividend undisturbed.

This was passed unanimously.

* * * * *

(Extract)

PRESIDENT.

C. S. 127-29-16.

No. 1115
ENCLS. one

THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

Dated Bangalore, the 30th September *19* 30

2919

DEVELOPMENT BRANCH.

From

RAJASABHABHUSHANA, DEWAN BAHADUR
SIR K. P. PUTTANNA CHETTY, KT., C.I.E.,
PRESIDENT, BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.,
BANGALORE.

To

The Chief Secretary to the Government of His Highness the
Maharaja of Mysore,
B A N G A L O R E.

SIR,

With reference to correspondence ending with your No.D.2948/C.S. 40-26 of the 10th September 1930 and in continuation of my letter No.944 of the 17th idem, forwarding an extract from the Proceedings of the General Meeting of the Shareholders of the Bank held on the 14th idem regarding the retention of the maximum rate of 10 per cent dividends, I have the honour to forward herewith an extract from the Proceedings of the Board Meeting held on the 26th September 1930 and to request that in view of the importance of the subject, the Government may be pleased to give the deputation a hearing before orders are passed on the subject.

I have the honour to be,
S i r,
Your most obedient Servant,

PRESIDENT.

PNK.

EXTRACT FROM THE PROCEEDINGS OF THE MEETING OF THE BOARD HELD AT 5 P.M. ON FRIDAY THE 26th SEPTEMBER 1930 UNDER THE PRESIDENCY OF RAJASABHA BHUSHANA DEWAN BAHADUR SIR K.P. PUTTANNA CHETTY Kt. C.I.E.

* * * * * * * * * * * * *

x x x x x

II. READ:-

(a) The Reports of Inspection of Mr. P. Raja Rao relating to the Byramangala Co-operative Society, Hottigonahosahalli Co-operative Society, Honganur Co-operative Society, Lalaghatta Co-operative Society, Annagere Co-operative Society, Nandagudi Co-operative Society and Bellur Co-operative Society.

(b) Resolution IV of the Board Meeting held on the 28th February '30 relating to the representation to Government of the neglected condition of Debtor-Societies by a deputation of two members of the Board - Messrs. K.R. Srinivasiengar and B.I. Shama Rao - accompanied by the Secretary of the Bank.

(c) Correspondence ending with letter No.2948 of the 10th September '30 from the Chief Secretary to Government intimating that the date to meet the deputation will be fixed after the 2nd Member of Council returns from leave.

RESOLVED that the modification of resolution IV read above relating to the deputation and in view of the importance of the questions at issue, the President be requested to lead the deputation of the Board accompanied by the Secretary of the Bank.

III. Read Correspondence ending with letter No.944 of the 17th September'30 from the President of the Bank to the Chief Secretary to Government forwarding an extract from the Proceedings of the General Meeting of the Shareholders of the Bank held on the 14th idem and requesting that the --

-Government-

Government be pleased to leave intact the existing maximum rate of 10 p.c. Dividend fixed by Government 10 years ago.

RESOLVED that in view of the importante of the subject which was discussed at length at the General Meeting of the Bank held on the 14th September '30 and resolved upon, the matter be fully represented to Government by the deputation above referred to and that in the meanwhile, the President be requested to address a further letter to Government requesting them to give a hearing to the deputation before passing orders on the subject.

x x x x x

(Extract)

PRESIDENT.

II. Retention of the existing Maximum rate of 10 per cent Dividend.

The points justifying the retention intact of the existing Maximum rate of 10 per cent Dividends fixed by Government ten years ago have been elaborately set forth in letter No. 898 of the 11th September 30 & also in the Proceedings of the last General Meeting of the Bank held on the 14th idem.

Distinction has to be made between an institution whose jurisdiction extends all over the State & a primary society whose jurisdiction is limited. (Vide pp.232-3, para 3 Calverts Law and principles of Co-operation, 1926).

The sixth conference of Registrars recorded the opinion that dividends should be limited by a Rule of the Local Government. This has been adopted. The following are the maximum rates of dividends prevailing in the several British Indian Provinces.

Burma.	20 per cent.	
Behar & Orissa.	12½ " "	
The Punjab	10 " "	
Coorg.	10 " "	
Bombay	10 " "	without any restriction whatever in regard to the grant of additional bonus which is said to be not uncommon.
United Provinces and at 12 per cent in case the Reserve Fund exceeded one-fourth of the Share Capital	10 " "	
Bengal	12½ " "	

The general principle governing the maximum rate of dividend is that it should be about 3 per cent over the rate paid on deposits.

29

Sir B. N. Mitra who was kind enough to visit the Bank & make enquiries about its working observed that the rate of 10 per cent dividends was not at all high & that the present rates of interest charged on loans made by the Bank were reasonable.

In view of the present precarious condition of the money market & other unfavourable circumstances, the existing maximum rate of 10 per cent dividend be left undisturbed.

.....

"Copy & Extract.

E
Ext
28/10

Appendix F G—1

30

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Section Cs

File No. 127-29

Serial No. 11

No. 04799

General and Revenue Secretariat

( )

the *193*

To The Registrar Cs

Date of issue 27/10/30

Signed by Mr C. S. Narasimha

Sir,

I am directed to request you to be so good as to report very early the rates of interest (Ordinary & penal) charged by the Bangalore Central Co-operative Bank to its borrowing members & ~~do state~~ what rebate if any is allowed to them for punctual repayments

I have etc

Ce 31/x

For Ch Secy

Over

List of enclosures.....

Copied by.....

Examined by.....

WD 02559—GPB—25,000—25-6-80

H.E.C.S. 127-29-18

No. 3305C-S

Telegraphic Address:
"CO-OPERT"
BANGALORE.

DEPARTMENT OF CO-OPERATION
GOVERNMENT OF MYSORE.
OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 13th December 1930

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

GEN. & REV. SECRETARIAT. 15 DEC. 1930 DEVELOPMENT BRANCH.

To

Rajaseva parayana
B. Srinivasa Iyengar, Esq., B.A. B.L.,
Financial Secretary to the Government of His Highness
the Maharaja of Mysore,
Bangalore.

Sir,

With reference to Chief Secretary's letter No.D.4799/C.S.127-29-17 dated 31st October 1930 calling for information regarding rates of interest and penal interest charged by the Bangalore Central Co-operative Bank, Ltd., and rebates allowed etc., I have the honour to state that it is reported by the Secretary of the Bank that the rate of ordinary interest varies from 8½ to 11 per cent; that the rate of default interest is 15 per cent per annum, that at the last general meeting of the Bank held on 14th September 1930, it was decided that, in the case of members who discharge their obligations to the Bank without default, rebate be granted and that this decision will be given effect to. It is clear that so far no rebate has been allowed. It is also reported that as regards the levy of default interest the undertaking of the borrower will be generally as follows:-

"Default in payment of any of the stipulated instalments renders the whole loan liable to be repaid at once irrespective of the period of loan with interest at 15 per cent per annum"

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

Registrar.

Appendix F G—1

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat
( )
the *193*

Date of issue 20.2.31

Signed by.....

List of enclosures.....

Copied by.....

Examined by.....

Section C
File No. 127-29
Serial No. 19
No. 8538.

To The Regr Co.

Sir,

I am directed to request you to be so good as to forward very early for reference & return a Copy of each of the pos received from the Madras Govt regarding the amendment of rules framed under the Co-operative Societies Act during the last one year.

I have &c

Ce
12/2

For Chief Secy

[over

WD 02559—GPB—25,000—25-6-30

No. 4818-29
Time one

C.S. 127-29-20

DEPARTMENT OF CO-OPERATION.

GOVERNMENT OF MYSORE.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 7th March 1931

33

REV. SECT 6530 9 MAR 1931 DEVELOPMENT D

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

Dev (C.S.)

OHL. 9 MAR 1931 9/3

TO

N.Madhava Rao, Esq., B.A., B.L.,
Chief Secretary to Government
of Mysore, Bangalore.

Sir,

As desired in your letter No.D.8538/C.S.127-29-19 dated 20th February 1931, I have the honour to forward, herewith, a copy of the Co-operative Societies Act and Rules framed thereunder by the Madras Government containing the latest amendments. The copy may be returned early.

I have the honour to be,
Sir,
Your most obedient servant,

K H Ramayya
Registrar.

6/2.

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record]

D.O.No.D.8984 C.S 129-29-21
Dear Sir, D 18.3.31
Encls.3

With refce. to your letter No. 4818 Cs. D 7.3.31 forwarding a copy of the C-S Act & Rules framed thereunder, I am desired to ~~say that~~ return the same herewith as this was not what was wanted.

What is required is all the orders of the Madras Govt. passed during the last one year notifying proposed amendments to the rules framed under the Act e.g G.O. No. 396 D 20.2.1930 (vide the Madras Journal of Co-operation for June 1929 - pag. 830). Such notifications are published in the Fort St. George Gazette & should be available in your office. A very early reply is requested

Yours sincerely
[illegible]
17/3

The Registrar

N. B.—Should routine notes be written on small slips the notes must be cipoed, or slips pasted on this form.

Telegraphic Address:
"CO-OPERT"
BANGALORE

DEPARTMENT OF CO-OPERATION 35

Office of the Registrar of Co-operative Societies
in Mysore.

D. O. No.

*Dated, Bangalore...*9th April*.....19* 31

My dear Sir,

I send herewith for your information, a copy of a letter which I have addressed to-day to the Dewan in connection with the rate of dividend in Co-operative Societies.

Yours Sincerely,

H H Ramaya

DEPARTMENT OF CO-OPERATION.

96

Telegraphic Address:
"CO-OPERT".
BANGALORE

Office of the Registrar of Co-operative Societies
in Mysore.

D. O. No. 374

*Dated, Bangalore,...*9th April.....*19* 31

My dear Sir,

After I discussed with you the question of dividends in co-operative societies yesterday morning, I met the Second Member of Council and requested him to fix the rate at 7½ per cent per annum as prayed for by the Mysore Provincial Co-operative Conference at its two successive sessions. This morning I saw the Chief Secretary in the matter and I was informed that Government are thinking of fixing the rate at 9 per cent instead of at 7½ per cent as resolved by the Conference. As represented by me in person, the question of dividend is closely connected with the rate of interest on loans, the general rule being the higher the rate of dividend the higher the rate of interest on loans. The main object of the Co-operative Movement is the grant of cheap facile credit to the ryots for their various purposes. It is a well known fact that the peasantry of our State is heavily in debt contracted at usurious rates of interest and that this heavy rate of interest is a bar to the progress of the agricultural interests of the country. The condition of the Mysore Ryot is deplorable. It is with a view to give him relief from this millstone of debt which hangs heavily round his neck, that the Government under the enlightened guidance of our beloved Highness and yourself introduced the Agricultural Relief Act and inaugurated the scheme of Land Mortgage Banks. It is significant that in the co-operative societies amendment Regulation V of 1929 which was brought on the Statute Book for the starting of Land Mortgage Banks, ~~fixed~~ the rate of dividend payable to share-holders in such Banks was fixed at 5 per cent only and nothing higher.

If the maximum dividend is fixed at the reasonable rate of 7½ per cent per annum, the rate of interest on loans in co-operative societies will not exceed 9 per cent and this rate of interest in co-operative societies will have its wholesome influence in reducing the sowcars rate of interest which at present goes up to 24 per cent per annum in certain areas. If the societies lending rate does not exceed 9 per cent (this is possible only if the maximum rate of dividend is fixed at 7½ %), the sowcars lending rate will gradually come down to 12 per cent ultimately to the good of the peasantry.

It may perhaps be argued by interested persons who have subscribed for a large number of shares in the Bangalore Central Co-operative Bank,Ltd., and institutions of this type, which are Co-operative only in name and are in the co-operative field just to enjoy the privileges and concessions granted by Government to co-operative societies, that the rate of dividend in British India is not below 9 per cent. To this argument, I can only say that Mysore has been a model to ~~xxxxx~~ other Provinces in more respects than one and it should be a model in co-operative matters also. If we compare ourselves to advanced Western countries, and Japan in this respect, it will be seen that even 7½ per cent is too high and the rate should be fixed at 5 per cent only.

In these circumstances I feel that the resolution of the Conference passed almost unanimously at two successive sessions should be given effect to without any change. I feel very strongly on this point, that if the dividend rate is not fixed at 7½ per cent, the Movement will not be doing any good to the people and that my work as Registrar for nearly ten years will go in vain. When the entire body of Co-operatbrs have resolved that it should be fixed at 7½ per cent, is it fair that, for the sake of a few shylocks whose ideal of co-operation is one of a high dividend, the Conference resolution passed at two

successive

successive sessions should be set at naught? An opportunity like this to lead other States and Provinces should not be thrown away. I feel that the non-acceptance of this opportunity now will have a very bad effect on the general lending rate in the State perhaps for the next one or two decades and the ryots will continue to be fleeced by the money lending classes.

I therefore earnestly pray that you may be pleased to discuss the matter with the Member and see that the rate of dividend is fixed at 7½ per cent only.

Yours Sincerely

2nd draft

Appendix F G—1

SUBJECT.....

.....

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Section G

File No. 127-29

Serial No. 23

No. 89473

Notification ...

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *193*

To

.....

Date of issue 28.4.31

Signed by Mr. N. Madhava Rau

In exercise of the powers conferred by ~~Under Clause 4~~ of Sec^n 44 of the Mysore Cooperative Societies Reg^n VII of 1918 as to have amended from time to time Govt. are pleased to amend as follows. Rule 18 of the Rules under the Reg^n issued with Notf^n No 326/Ec 66-18-13 dt 9/20 after Considering all suggestions & objections received in the matter in pursuance of Notf^n No D 399/Cs 129-27-29 dt 1.7.30.

List of enclosures.....

Copied by.....

Examined by.....

[over

"For Rule 18 of the said rules, ~~substitute~~ the following rule shall be substituted:-

A Member of a Co-operative Society shall not receive in dividend and bonus for one year a sum exceeding 7½% per cent on the Share Capital actually paid up by him without the Sanction of the Govt nor shall penal interest be appropriated towards profits except with the express approval of the Govt In a Society with unlimited liability all the net profits shall be credited to the Reserve Fund of the Society and no dividend or bonus shall be paid except with the General or Special Sanction of the Govt."

S.O.

17/4

For Chief Secy.

To the Compiler Mysore Gazette with a request that ten spare copies of the Notn may be sent to this office for record.

Memo No 9 dt 9674 of 28.4.37

Copy to the Govt Cs.

S.O.

17/4

For Ch Secy

Folio 160

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

General and Revenue Secretariat,

No. D 9473
ಸಂ ಡಿ ೧೨೧-೨೯-೨೬

Dated, Bangalore, 28-4-*1931.*

NOTIFICATION.

In exercise of the powers conferred by Section 44 of the Mysore Co-operative Societies Regulation VII of 1918 as amended from time to time Government are pleased to amend as follows Rule 18 of the Rules under the Regulation issued with Notification No.326/J.J. 66-18-13 dated 9th July 1920 after considering all suggestions and objections received in the matter in pursuance of Notification No.D.399/Jn.129-27-7 dated 1st July 1930: -

For Rule 18 of the said rules, the following rule shall be substituted -

A member of a Co-operative Society shall not receive in dividend and bonus for one year a sum exceeding 7½ per cent on the share capital actually paid up by him without the sanction of the Registrar nor shall penal interest be appropriated towards profits except with the express approval of the Registrar.

In a Society with unlimited liability all the net profits shall be credited to the reserve fund of the Society and no dividend or bonus shall be paid except with the general or special sanction of the Registrar.

By Order,

27/4

for Chief Secretary to Government.

To

Encl

The Compiler, Mysore Gazette, with a request that five spare copies of the Notification may be sent to this office for record.

AGH.7.

Proceedings of the Govt. of H.H.
the Maharaja of Mysore.

Read -

Rule 18 of the Rules issued under the Mysore Co-operative Regulation laying down that the dividends on shares in all Co-operative Institutions be limited to a maximum of 10 per cent per annum.

2. Letter No.5134/Cs. dated 19th March 1930 from the Registrar of Co-operative Societies submitting a copy of a resolution of the 16th Mysore Co-operative Conference that the dividends on shares in Co-operative Institutions be limited to a maximum of 7½ per cent per annum instead of 10 per cent as laid down in the Rules and recommending that the resolution may be accepted as the principle embodying it is highly co-operative.

3. Notification No. D.399 /Cs. 127-29-7 dated 11th July 1930 publishing for the information of the public the draft amendment to rule 18 of the Rules under the Co-operative Regulation and calling for suggestions and or objections from persons in respect of the draft amendment.

4. Correspondence ending with letter No.374 dated 9th April 1931 from the Regr. of C.S. explaining the necessity for limiting the maximum dividends and bonus on shares in Co-operative Societies to 7½ per cent per annum.

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Order No D.

Dated, April 1931.

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In response to the notification calling for suggestions or objections on the draft amendment, some of the Co-operative Societies in the State have resolved that the present rules require no change while others are in favour of reducing the maximum from 10 to 8 per cent. The Registrar of Co-operative Societies reports that the main object of the Co-operative movement is to afford cheap and facile credit for various ecomomic purposes and that this object cannot be secured so long as high rate of dividend on share capital is allowed, since it would not be possible to ~~earn a high rate of dividend~~ do this without charging a correspondingly high rate of interest on loans issued by Co-operative Societies. The Registrar also points out that high dividends do not necessarily mean success and financial stability to the Co-operative Institutions.

Govt. have considered the opinions and objections offered by the several Co-operative Societies. They generally agree with the Registrar and consider that the lowering of the rate of dividend must necessarily lead to the reduction of the rate of interest. It will also go a great way to help the borrowers and promote the Co-operative movement. They are accordingly pleased to direct that the maximum rate of

dividend be limited to 7½ per cent instead of 10 per cent according to the existing rule.

A notification modifying the rule will be issued separately,

Chief Secretary to Govt.

To

The Registrar of Co-operative Societies
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